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SUBJECT: POLICY PLANNING TRILATERAL, SESSION 2: ENERGY
SECURITY, PEACEBUILDING, AND UN REFORM

REF: SECSTATE 882

Classified By: ECON MINCOUNS ANDREW QUINN, REASONS 1.4 (B) AND (D).

SUMMARY

1. (C) S/P Director Dr. Stephen Krasner and his delegation met with Korean and Japanese counterparts January 10-11 for a trilateral policy planning dialogue (ref a). Over lunch on January 11, the three delegations discussed energy security, peacebuilding, and UN reform. Both Korea and Japan, dependent on oil from Iran, expressed concern about the potential for supply disruptions, but Japan said it continues to hope for a constructive Iranian response to recent sanctions on its nuclear program. Japan noted that a Japanese company has abandoned a major oil exploration project in Iran, and hoped that other countries would not step in and take its place -- a comment possibly aimed at Korea. Dr. Krasner pointed out that efforts by China and other players to sew up sources of oil will not provide an effective shield in case of a supply disruption affecting the global oil market.

2. (C) On peacebuilding, Japan pointed to the need for qualified civilian personnel and said it planned to start a training institute, to which it hoped one day to be able to invite Korean participants. Korea pointed to the need to educate the public to support increased global peacekeeping commitments. Dr. Krasner suggested that there may be a need to augment peacebuilding capacity, now centered in the United Nations, through NATO or other organizations, and discussed the difficulties the U.S. has encountered to obtain funding for building up post-conflict reconstruction and stabilization capacity.

3. (SBU) Japan asserted that UN Security Council reform is a top priority for Prime Minister Abe, along with revising the Japanese constitution. Dr. Krasner stated U.S. willingness to add one or two new permanent members but concern about making the Council unwieldy by adding too many new members. Korea expressed gratitude for U.S. and Japanese support for the election of former Korean Foreign Minister Ban Ki-moon as UN Secretary General. The U.S. expressed strong disappointment in the direction taken by the new Human Rights Council. End summary.

ENERGY SECURITY

4. (U) Acting as chair for the session, Japanese Deputy Vice Minister Masaharu Kono introduced the energy security topic

by pointing out that Japan is dependent on external sources of energy for 84 percent of total consumption. In the case of oil, that figure is 99.7 percent. In contrast, the U.S. imports 32 percent of its total consumption, Kono asserted. (Comment: Korea imports 96.4 percent of its total energy consumption. End comment.)

15. (C) Kono listed the following as elements of Japanese policy related to its dependence on energy supplies from the Middle East and elsewhere:

- Engagement in Iraq, Afghanistan, in the war against terrorism, and in efforts for Middle East peace -- though Japan feels it has little leverage on the latter;
- Major preoccupation with Iran's nuclear program, tempered by dependence on Iran for 15 percent of Japan's oil consumption;
- Concern to protect the sea lanes between the Middle East and Japan, including working with ASEAN nations to combat piracy;
- New efforts to reach out to Africa, partially to secure access to energy;
- Efforts to build links to Central Asian energy suppliers;
- Confronting China's claims to East China Sea resources;
- Working with Russia on Siberian gas;
- Improving Chinese and Russian energy efficiency using Japanese technologies, to reduce the misuse of limited resources. Kono asserted that Japanese energy use is 10 times as efficient as China and 20 times as efficient as Russia;
- Diversifying the sources of energy used in Japan, for example by expanding the use of nuclear power;
- Accommodating the expansion of nuclear power to the requirements of the NPT and the effort to constrain Iran's nuclear program.

16. (C) Korean Deputy Minister for Policy Planning and International Organization Park In-kook commented that 75 percent of Korea's oil supplies pass through the straits of Hormuz (with more than 15 percent originating from Iran), making diversification of supply an urgent matter. Korea has therefore undertaken initiatives to engage African, Middle Eastern, and Central Asian countries. On expanding the use of nuclear energy, Park argued that the IAEA should put out "food for thought" on the fuel cycle issue, which needs to be "revisited."

17. (C) Dr. Krasner pointed out that all energy importers are dependent on the stability of the global market, and all are affected equally by shortfalls in supply. Mercantilistic efforts to sew up sources of supply are useless, and may lead to results such as China undermining efforts to improve governance in Sudan and Chad. Another growing concern for the U.S. is Russia's evident willingness to forgo its reputation as a reliable supplier for short-term gains. Iran's failure to invest in its energy sector, coupled with increasing domestic demand, could eliminate its ability to supply the global market as early as 2015, according to one recently-published academic analysis. Key elements of U.S. policy are therefore diversification of supply, in terms both of kinds of energy and of geographic sources, and conservation. To promote diversification of kinds of energy, the U.S. has multiple initiatives under way, including the Global Nuclear Energy Partnership (GNEP), the International Thermonuclear Experimental Reactor (ITER), and programs in the areas of clean coal, biofuels, and wind and other renewables. Dr. Krasner pointed out that government direction may be needed where the market may be slow to move, citing as an example the cooperation between Brazil and the U.S. to increase production of biofuels in Central America and the Caribbean.

18. (SBU) Responding to a Korean query, Deputy Vice Minister Kono welcomed Korean and U.S. participation in talks with ASEAN on protecting sea lanes, pointing out that piracy is on the agenda of the ASEAN Regional Forum (ARF). He announced that Japan will host a regional antiterrorism seminar this spring and invited participation. Noting that Japan, China and Korea have all reached out separately to Africa, Kono

expressed hope that the three countries could eliminate duplication by cohosting a North Asia/Africa forum.

¶9. (C) Kono commented that the system of national reserves helped to stabilize the market during Hurricane Katrina, and may be needed again in case of additional sanctions or other disruptions in Iranian supply. Asked by Korea to elaborate, Kono said that Japan remains optimistic that Iran can be persuaded to take positive steps and does not expect major new Security Council sanctions. The unity of the international community is key. A Japanese company has already given up a major oil exploration project under way with Iran, and, Kono added, Japan hoped that no other country or company would step in to take its place (a comment that may have been aimed at Korea).

PEACEBUILDING

¶10. (SBU) Turning to peacekeeping/peacebuilding, Kono noted that Japan is a latecomer, its contribution to peacekeeping in Cambodia having been its first. One problem is therefore the lack of experienced Japanese nationals. Japan plans to address this by starting up a training institute. Though Kono expressed the hope that Japan could eventually invite Korean participation as well, he said that persuading the Japanese government of the need for such training remained an ongoing process. Kono noted that the Japanese Self Defense Force has recently been converted into a Defense Ministry, and said its primary mission will be peacebuilding.

¶11. (SBU) Deputy Minister Park noted that Korea has only 30-40 staff involved in peacebuilding. It has now decided to join UNIFIL with a 350-man contingent. It will need to educate the public to win support for such enhanced involvement.

¶12. (SBU) Dr. Krasner agreed on the need for training, but pointed out that there are other needs, such as the airlift assistance needed by Indonesia to be able to participate in Lebanon. While foreseeing that the UN would continue to play the major role, he suggested that there may be a need for NATO or other organizations to have a stepped-up role. He noted the difficulties the U.S. has had in finding funding

for building up a civilian capacity to manage post-conflict stabilization and reconstruction.

UN REFORM

¶13. (SBU) Both Japan and the U.S. congratulated Korea on the election of former Foreign Minister Ban Ki-moon as Secretary General. DVM Kono stated that Security Council reform is a top priority for Prime Minister Abe, along with revision of the post-war constitution. He expressed the hope that the close U.S.-Japanese coordination on the reform of the budget and the secretariat evident early in 2006 would continue.

¶14. (C) Deputy Minister Park requested continued support for Ban and his reform platform, saying that strong support will be needed because of diverging views between developed and developing countries. He argued that though the U.S. has reservations about the Human Rights Council, the Council is on the track toward reform, and that the U.S. should join the body to help steer it.

¶15. (SBU) Dr. Krasner said the U.S. supports adding up to two new permanent UNSC members, but is wary of a major expansion that could make the body's decisionmaking unwieldy. He said the U.S. is guardedly optimistic on UN management reform, but has been very disappointed with the pattern established by the new Human Rights Council of focusing heavily on Israel. In that area, he said, reform has failed. The Council's trajectory has been very negative, and that needs to be addressed, he concluded.

¶16. (U) The delegation approved this cable.

